

## **1996 SMALL BUSINESS PROFILE**

### **SMALL BUSINESS: BACKBONE OF THE NEW JERSEY ECONOMY**

The importance of small business to the state of New Jersey is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **187,037** full-time business firms with employees in New Jersey, **98.4** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **210,000** full-time self-employed persons in New Jersey in 1995, for a total estimated 1995 full-time business population of **397,037** firms.

**Small Business Income** - the income of sole proprietors and partners rose **6.5** percent to **\$15.0** billion in 1995, while wage-and-salary income rose **4.4** percent. Total personal income rose **3.7** percent to **\$231.5** billion. The state also exported **\$11.1** billion of goods and services in 1995.

New Jersey's number of women-owned businesses, including part-time firms, increased **40.4** percent from 1987 to 1992, totaling **164,798**. The number of Black-owned firms, including part-time firms, increased **38.3** percent from 1987 to 1992, totaling **20,137** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **83.5** percent during the same time period with **22,198** firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific

Islanders, American Indians, and Alaska Natives. The number for the group grew from **12,665** in 1987, to **23,116** in 1992, representing an **82.5** percent increase.

Small businesses with fewer than 20 employees reported **6.3** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of New Jersey.

The composition of small business in New Jersey is very diverse. The **Health Services** industry is the largest small business employer in New Jersey. Other significant small business industries are, in descending order: Business Services, Eating and Drinking Places, Wholesale Trade-Durable Goods, and Depository Institutions. The fast-growing industries include Insurance Carriers, Communications, Museums, Botanical, Zoological Gardens, Educational Services, and Holding and Other Investment Offices.

The number of new firms increased **6.3** percent. Business bankruptcies decreased by **11.7** percent but business failures increased by **27.0** percent.

An SBA Office of Advocacy study found that New Jersey's top lenders to small businesses in 1996 were:

- Burlington City Bank
- Bank of Gloucester City
- Minotola National Bank
- Continental Bank of New Jersey
- Tinton Falls State Bank
- Skylands Community Bank
- Farmers & Merchants National Bank of Bridget
- Community National Bank of New Jersey
- Prestige State Bank
- Broad National Bank
- Hudson United Bank
- Fleet Bank NA
- Midlantic Bank NA

In sum, small businesses have a striking impact on New Jersey's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in New Jersey by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	323,302	10.5	41.4	1
Business Services	230,294	7.5	54.6	2
Wholesale Trade-durable Goods	154,950	5.0	67.4	3
Eating & Drinking Places	152,979	5.0	70.7	4
Wholesale Trade-nondurable Goods	142,863	4.6	50.9	5
TOTAL, ALL INDUSTRIES	3,078,851	100.0	52.7	

Top 5 Small-Business-Dominated Industries in New Jersey by Employment,  
1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Health Services	134,005	8.3	1
Business Services	125,797	7.8	2
Eating & Drinking Places	108,081	6.7	3
Wholesale Trade-durable Goods	104,495	6.4	4
Wholesale Trade-nondurable Goods	72,739	4.5	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	1,622,607	100.0	

Fastest Growing Industries for Small Business in New Jersey, 1991 - 1993

RANK	INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	1993	PERCENT CHANGE, 1991-1993
1	Health Services	122,406	134,005	9.5
2	Business Services	118,200	125,797	6.4
3	Engineering & Management	58,602	62,357	6.4
4	Eating & Drinking Places	104,700	108,081	3.2

Wholesale Trade-nondurable Goods	71,009	72,739	2.4
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Office of Advocacy, U.S. Small Business Administration. Based upon Census data,  
prepared under contract.